

STATE PROPERTIES COMMITTEE MEETING

TUESDAY, FEBRUARY 28, 2012

The meeting of the State Properties Committee was called to order at 10:04 a.m. by Chairman Ronald N. Renaud. Attendance of the members was taken by roll call and the following members made their presence known: Robert Griffith representing the Rhode Island Department of Administration; Richard Woolley representing the Rhode Island Department of Attorney General; and Andrew Marcaccio representing the Rhode Island Office of the General Treasurer, Ex-Officio Member. Lawrence Eichler, Public Member, is unable to attend. Others in attendance were Anthony Robinson from the State of Rhode Island General Assembly; Colleen Kerr from the Rhode Island Department of Transportation; Larry Mouradjian, John Faltus, Robert Paquette and Michelle Sheehan from the Rhode Island Department of Environmental Management; John Ryan from the Rhode Island Department of Administration; Deborah Barclay from the Rhode Island Department of Human Services; and Tina Benros from the Rhode Island Division of Motor Vehicles.

Chairman Renaud stated for the record that the State Properties Committee did have a quorum present.

A motion was made to approve the minutes of the State Properties Committee meeting held on Tuesday, January 3, 2012, by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

ITEM A – Department of Environmental Management – A request was

made for approval of and signatures on the Second Amendment to the License Agreement, by and between the Department of Environmental Management (the "Department") and Newport Festival Foundation, Inc. (the "Foundation"). By way of background, Mr. Faltus explained that in 2010, the State Properties Committee approved a License Agreement, by and between the Department and New Festival Productions, Inc. for the presentation of the Newport Folk and Jazz Festivals for 2010 through 2012, at Fort Adams State Park (the "Fort") in the City of Newport. Mr. Faltus indicated George Wein, a long time promoter of these festivals, is now in his eighties (80s) and continues to work diligently to establish a mechanism to perpetuate the presentation of these festivals particularly after his death. Last year Mr. Wein formed Festival Foundation, Inc., a 501c3 non-profit foundation and the the First Amendment to License Agreement was approved, which amended the License Agreement to reflect Newport Festival Foundation, Inc. as the current Licensee as opposed to New Festival Productions, Inc. Mr. Faltus explained that this year Mr. Wein has approached the Department to request some additional amendments to the License Agreement, which is in its last year of its three (3) year term. Mr. Faltus explained that if approved these requested amendments will help in promoting the financial viability of the Foundation and the continued presentation of the Festivals. Mr. Faltus state that before the Committee is a Second Amendment to the License Agreement. Said Amendment will allow for the presentation of an additional concert from 4:00 p.m. until 9:30 p.m. on the first evening of the Folk Festival, Friday, July 27, 2012.

Further, it would allow Mr. Wein and the Foundation to host a benefit event on Saturday, July 28, 2012, from 7:30 p.m. until 10:30 p.m. to be attended by either ticket purchase or invitation for up to five hundred (500) people. Mr. Faltus indicated that for the past couple of years, the Department has allowed Mr. Wein to use the interior fairground of the Fort to erect an additional stage to provide additional space for the festival venue. In view of the additional space, Mr. Wein requested that the Department allow for an increase in the possible number of tickets to be sold from 10,000 to 11,000 for each day of both the Folk and Jazz Festivals. Mr. Faltus stated that Mr. Wein's most vital appeal is for a reduction in the financial requirements set forth in the License Agreement. The Agreement currently requires the Foundation to pay a \$100,000.00 guaranteed fee and five (5%) percent of all sponsorship fees. Mr. Wein is asking that the \$100,000.00 obligation be reduced to \$50,000.00. Mr. Faltus directed the Committee's attention to a letter authored by Mr. Wein dated February 15, 2012, wherein he articulates his own financial commitment to the perpetuation of these festivals via an annual contribution of \$350,000.00 from the Joyce and George Wein Foundation as well as additional sums of money upon his death. Mr. Faltus stated that Mr. Wein is requesting some financial relief in an attempt to continue to present these Festivals, which have a longstanding history and legacy in the State of Rhode Island. Mr. Mouradjian stated that the Department has been diligently working with Mr. Wein for at least a decade to identify a means for him to continue the legacy of the Folk and Jazz Festivals and for the State of

Rhode Island to continue the tradition of hosting these celebrated and beloved events. Mr. Mouradjian explained that the presentation of these Festivals is a personal commitment for Mr. Wein as evidenced by his \$350,000.00 annual contribution to the Foundation and his hope that the legacy of the festivals will be preserved into the future. Mr. Wein is also committed to creating an interpretive and historic display at Department Visitors Center to capture the history of the Jazz and Folk Festivals at Fort Adams State Park. Mr. Mouradjian noted that Fort Adams State Park has become a kind of event venue; hosting America's Cup events, the Tall Ships and the Jazz and Folk Festivals. Mr. Mouradjian stated that it is a privilege for Fort Adams State Park to host these historic events and the Department is certainly interested in continue doing so for as long as possible. Mr. Mouradjian noted that many local businesses, from waterborne transportation, hotels restaurants to small local retailers, benefit from these events. Chairman Renaud commented that Mr. Wein commitment to the continuance of these Festivals is certainly magnanimous; however, he questioned how the Department will offset the fee reduction. Mr. Faltus explained that the Department can not immediately compensate for this loss of revenue, but indicated that the Department's theory is that it will recover said funds over time. Mr. Faltus explained that the formula under the existing License Agreement directs that \$50,000.00 is allocated to the Fort Adam Trust; Sail Newport, the Intermodel Dock Maintenance Fund and the Museum Yachting each receive \$10,000.00 and any remaining funds are deposited into the State's General Fund. Mr. Faltus explained that

Mr. Wein's financial statements indicate that at least one of the Festivals has caused a significant financial loss to him for the past several years. Mr. Faltus explained that Mr. Wein possesses a great passion for continuation of these events at Fort Adams State Park and has supported this passion and these Festivals through other unrelated business ventures. Mr. Faltus indicated that absent a tremendous sponsorship, Mr. Wein will continue to experience significant financial loss. Mr. Faltus noted that the continued presentation of these Festivals, is at great risk under the existing conditions. Mr. Faltus noted that Mr. Wein personally pays for all staffing and security details for the Festivals and many of other associated costs. Mr. Faltus stated that if the Second Amendment to the License Agreement is not approved, the State could very well lose the privilege of hosting these historic events. Chairman Renaud's understanding of Mr. Faltus' presentation is that at this time, the Committee is faced with an all or nothing decision relative to the State's opportunity to host these Festivals. Mr. Faltus indicated that is correct. A motion to approve was made by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM B – Department of Environmental Management – A request was made for approval of and signatures on a Purchase and Sale Contract, by and between Christine Paulhus and Leo Marc Paulhus and the Department of Environmental Management for the purchase of Development Rights over 70 acres of land located along Cucumber Hill Road in the Town of Foster; known as the Cucumber Hill Farm.

Ms. Sheehan presented photographs of the farm for the Committee's review. Ms. Sheehan indicated that the farm is a very impressive operation. However, it was a failing dairy farm until the new owner purchased it several years ago. The new owner has revived the farm's operation and it is once again a thriving agricultural business. Ms. Sheehan stated that 58 acres of the farm are currently in production with vegetables, hay and cattle pastures. The purchase price for the Development Rights is \$400,000.00 of which the Department will contribute \$80,000.00. The remaining balance will be funded through the Federal Highway Program. Chairman Renaud noted from the photographs that the farm is in fact very impressive. A motion to approve was made by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

ITEM C – Department of Environmental Management – A request was made for

approval of and signatures on a Conservation Easement, by and between The Nature Conservancy and the Department of Environmental Management over 80 acres of land located along Mail Road in the Town of Exeter; known as the Woodbridge Property.

Ms. Sheehan explained that The Nature Conservancy holds the Deed to the property; however, in exchange for its contribution toward the acquisition cost, the Department is being granted a Conservation Easement, thereby permanently protecting the subject property. Ms.

Sheehan indicated that the property will be managed for wildlife habitat as well as limited public access. A motion to approve was made by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM D – Department of Environmental Management – A request was made for was made for approval of and signatures on a Purchase and Sale Contract, by and between MPDP Realty, LLC for the purchase of Development Rights over 30 acres of land located along Plainfield Pike in the Town of Johnston; known as Pezza Farm. Ms. Sheehan indicated that although Pezza Farm is actually located in the Town of Johnston, due to its close proximity to several protected farms and the Cranston border, it is considered part of the Cranston Farm Loop.

Ms. Sheehan stated that the Pezza family is extremely active in the local farming community. The Department's contribution toward this acquisition is \$271,000.00 with the remaining balance being funded by both The Nature Conservancy and the National Resources Conservation Service ("NRCS"). Mr. Woolley stated that it is his understanding that the Department is seeking approval of only the Purchase and Sale Contract at this time and that the Deed to Development Rights will be presented at a later date. Ms. Sheehan stated that is correct. A motion to approve the Purchase and Sale Agreement was made by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM E – Department of Transportation – A request for was made for approval of and signatures on various Temporary Use Agreements, by and between the Department of Transportation and multiple

property-owners in conjunction with the Improvements to Route 44 (Putnam Pike) in the Town of Glocester. Ms. Kerr stated that there is a total of twenty-two (22) Temporary Use Agreements for which the Department is seeking approval. There is no monetary compensation for said agreements as the work being performed will mutually benefit both the State and the property-owners. Mr. Griffith asked if all of the agreements are connected to the widening of Route 44. Ms. Kerr stated that the agreements will allow the Department to access these privately-owned properties for the purpose of installing sidewalks along Route 44 in Glocester. Mr. Woolley stated that he has reviewed each of the Agreements and noted that they are all essentially the same and that he is satisfied as to their form. A motion to approve was made by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM F – Department of Revenue/Division of Motor Vehicles – A request was made for final approval of and signatures on a Lease Agreement, by and between the Town of Warren and the Department of Revenue/ Division of Motor Vehicles for the premises located at the East Bay Government Center, One Joyce Street in the Town of Warren. Mr. Ryan explained that this is simply a Second Amendment to the Lease Agreement. The Division of Motor Vehicles has had a presence in this facility for a number of years. Mr. Ryan stated that during Ms. Benros initial discussions with the Town Manager, he expressed an interest in having the Qmatic System installed at this location. Mr. Ryan and Ms. Benros discussed this matter with Rosemary Booth Gallogly and she agreed to install the system at this

location. In turn the Town will install a new floor, paint the premises and remove a portion of an existing wall which will create a more efficient flow for customers within the leased space. Mr. Ryan indicated that the Town has agreed to maintain the current rental rate for both the initial three (3) year term of the Lease as well as for the three (3) year renewal term. Mr. Ryan stated that the individuals involved believe that the negotiated terms of this Lease are fair and equitable to both parties. Mr. Griffith asked what the Qmatic System is. Ms. Benros explained that the Qmatic System is a method used to manage customer flow wherein individuals, upon their arrival, are instructed to take a number printed on a piece of paper, which determines the order in which customers are served. As staff becomes available to assist customers, the next number is either vocally announced or displayed on a screen. Ms. Benros stated that the Qmatic System has been installed in all of the Division's branch offices with the exception of the Warren location. A motion to approve was made by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

ITEM G – Rhode Island Judiciary – A request for final approval of a Lease Agreement, by and between 56 Associates, LP and the Rhode Island Judiciary for the premises located at 450 Main Street in the City of Pawtucket. Item G is deferred to the March 13, 2012 meeting of the State Properties Committee at the Request of the Rhode Island Judiciary.

ITEM H – Department of Human Services – A request was made for final approval of and signatures on a Lease Agreement, by and

between B & D Valley Road Associates, LLC and the Department of Human Services (“DHS”) for the premises located at 272 Valley Road in the Town of Middletown. Ms. Barclay explained that the General Assembly previously approved this five (5) year Lease Agreement as well as the additional extension as set forth in Section 4 of the same. Ms. Barclay stated that Mr. Woolley requested some revisions of the Lease Agreement to which the parties agreed and the same are reflected in the revised document before the Committee today. By way of background, Mr. Ryan explained that the Department currently has a branch office located in Middletown which is leased on a month-to-month basis. Mr. Ryan stated the landlord previously advised the Department that they wished to recapture the leased premises. The Department issued a Request for Proposals (“RFP”) to solicit bids for alternate suitable office space. Mr. Ryan noted that the RFP garnered three (3) responses; one of which was non-responsive; another proposed space that the Department considered unsuitable for its needs as its design encompassed many enclosed sections of space rather than an open floor plan design. Mr. Ryan indicated that subject property was chosen as the successful proposal due to its suitability in accordance with the Department’s needs and he believes this is a good location for the Department to serve the Aquidneck Island Community. The Department is relocating its own furnishing from the existing facility to this building.

Mr. Ryan explained that after reviewing the original document, Mr. Woolley recommended the inclusion of key language that will better protect the interest of the State of Rhode Island. Mr. Ryan thanked

both Mr. Woolley and Mr. Mitchell for their efforts and expert guidance in helping the various agencies to prepare quality legal documents. A motion to approve was made by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

The Committee may move to go into Executive Session, pursuant to Rhode Island General Law 42-46-5(a)(5) for the specific purpose of discussion or consideration related to the acquisition or lease of real property for public purpose, or of the disposition of publicly held property wherein advanced public information would be detrimental to the interest of the public relating to the following item.

A motion was made to enter Executive Session by Mr. Woolley and seconded by Mr. Griffith.

A roll call vote was taken and the votes were as follows: Chairman Renaud voted “Aye,” Mr. Griffith voted “Aye” and Mr. Woolley voted “Aye.”

After a detailed discussion relating to Executive Session Item E1 concluded, a motion to return to the open session of the State Properties Committee meeting and to seal the Executive Session minutes until such time as said matter is resolved was made by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

Upon returning to open session at 10:38 a.m., the Committee proceeded to vote relative to Item E1 presented in Executive Session:

ITEM E1 – Department of Administration – A request was made for permission to initiate negotiations for the purchase of vacant land located in the City of Providence. After discussion in Executive Session, A motion was made to approve by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

There being no further business to come before the State Properties Committee, the meeting was adjourned at 10:39 a.m. The motion to adjourn was made by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

Holly H. Rhodes, Executive Secretary